



Memorandum

To : Mr. Bill Minor

Date : March 21, 1991

From : Ken McManigal

Subject: Welfare Exemption - Revenue and Taxation Code Section 214.8

Attached are copies of the December 18, 1970, letter to Mr. Gerald Gard, June 30, 1972, letter to Mr. Eugene Sturgis, and June 12, 1986, letter to Mr. Milton Clow concerning Section 214.8 which I forwarded to Jim Barga on March 12, 1991.

Attached also is a copy of Mr. W. W. Dunlop's (John Knowles') April 11, 1973, memorandum to Senator Milton Marks concerning Section 214.8 and stating in this regard:

"You requested our explanation of the reasons for finding the above-named trust ineligible for the welfare exemption. The finding sheet made by our welfare exemption officer dated April 9, 1973, lists the following three reasons:

* * *

"2. The claim did not include a letter from the appropriate governmental agency ruling that the trust was exempt under section 501(c)(3) of the Internal Revenue Code or section 23701d of the Revenue and Taxation Code.

* * *

"The first two reasons for denial are procedural in nature. An irrevocable dedication clause could be added by way of amendment to the trust document at any time prior to March 1, 1974, and the organization would qualify for the exemption for the tax year 1973-74. Similarly, the organization could obtain a ruling from the Internal Revenue Service or the Franchise Tax Board that the trust qualified under the appropriate section to satisfy the requirement of section 214.8.


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Mr. Bill Minor

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As the letter states, and as we have advised in the other correspondence, we have viewed the submission of the tax letter as procedural; and we have, apparently, considered acceptable section 501(c)(3) and section 23701d tax letters received on or before the next March 1 lien date in the same manner as articles of incorporation, trust documents, etc. amended in conformance with the requirements of sections 214 and 214.01 and received on or before the next March 1 lien date, to wit, the exemption remains available with no late-filing penalty.



JKM:jd
3756H

Attachments

cc: Mr. John Hagerty
Mr. Verne Walton
Mr. Jim Barga